LIM YEW SING

v.

HUMMEL INTERNATIONAL SPORTS & LEISURE A/S

COURT OF APPEAL, KUALA LUMPUR
DATO' SHAIK DAUD MOHD. ISMAIL JCA
DATO' CHAN NYARN HOI JCA
DATO' MAHADEV SHANKAR JCA
[CIVIL APPEAL NO: W-02-113 OF 1995]
23 JULY 1996

TRADE MARKS: *Infringement of registered trade mark - Trade mark law - Whether territorial in nature - Whether possible for Malaysian to become registered proprietor of foreign trade mark not used in Malaysia.*

TRADE MARKS: *Registration - Distinctiveness - Whether only confined to local market - Whether foreign market of any relevance.*

TRADE MARKS: *Registration - When application deemed registered - Trade Mark Act 1976, s. 30 - Exclusivity of rights - Section 35 - Whether mere fact of registration prima facie evidence of validity of registration - Section 36.*

EVIDENCE: *Burden of proof - What to show - Survey commissioned - Whether admissible - Whether hearsay - Newspaper article - Whether hearsay.*

The appellant was the registered proprietor of a trade mark called "HUMMEL and Device" (M/91626). This trade mark was registered on 13 August 1981 in the name of one Gurdip Kaur ('GK') who, thereafter, assigned it and all goodwill attaching thereto to the appellant for valuable consideration on 15 August 1990.

On 1 March 1995, Hummel International Sports & Leisure ('the respondent') obtained an order from the High Court declaring that the trade mark "HUMMEL" is and was at all material times its property; that the trade mark "HUMMEL" (M/91627) was an entry made in the register without sufficient cause and/or was an entry wrongfully remaining in the register; and that the register be rectified accordingly. The trial Judge found that the respondent's predecessors had originated the said trade mark in Germany and were the registered owners of it in 55 countries.

The appellant appealed. The issue for decision was whether the respondent was the true owner of the said trade mark in Malaysia at all material times.

Held:

Per Mahadev Shankar JCA (delivering the judgment of the Court)

[1] Trade mark law is very territorial in many aspects. Thus, however distasteful it may be for a trader in one country to appropriate the mark of a foreign trader who is using that mark in a foreign country, it is not unlawful, under the Trade Marks Act 1976 ('the Act'), for a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods, provided that that foreign mark has not been used at all in Malaysia.

[2] The trade mark "HUMMEL" was unknown in Malaysia when GK obtained registration; there was no evidence that the respondent had used or publicised the trade mark in Malaysia prior to 13 August 1981 and between 1981 to 1989. Neither was there evidence that the "HUMMEL (D)" mark of the respondent was applied in Malaysia to the goods manufactured here for export.

[3] To be a trade mark here, a mark has to be distinctive of the goods of its proprietor in the course of trade, in the Malaysian market alone. For that purpose, foreign markets are wholly irrelevant, unless it could be shown that goods have in fact been sold in this country with a foreign mark on them and that the mark so used had thereby become identified with the manufacturer of the goods.

[4] There was no proof that GK copied her mark from the respondent's predecessor; but even if she did, it made no difference. Registration and prior user in the territory where the claim to ownership is made is what that matters in a Court of law in the first instance. By s. 30 of the Act, GK's application was deemed registered as on the date of the application, 13 August 1981. By s. 35 of the Act she was given exclusive rights to the use of the "HUMMEL (M)" mark in Malaysia. Furthermore, by s. 36 of the Act, the mere fact of registration is *prima facie* evidence of the validity of the registration. By 13 August 1988 GK had remained as the registered owner of the "HUMMEL (M)" mark for seven years, and from that date onwards, her position became entrenched because the registration had become conclusive pursuant to s. 37 of the Act.

[5] To show that the trade mark was wrongfully remaining in the register, the respondent had to show that the trade mark was likely to confuse or deceive a statistically significant and relevant cross-section of the public.

[6] The respondent's failure to mount a direct challenge to the appellant's newspaper warning notice claiming ownership of the mark tacitly

acknowledged the appellant's ownership of the "HUMMEL (M)" mark in Malaysia.

[7] The survey commissioned by the respondent was hearsay and inadmissible. If the survey was to be of any use, it must fairly reflect the factual position at the time the application to expunge was made.

[8] If the likelihood of causing confusion did not exist at the time when the mark was first registered, but was the result of events occurring between the date of the registration and the date of the application to expunge it, the respondent, in order to expunge it, has to prove the likelihood of causing deception resulted from some blameworthy act on the part of the registered proprietor of the trade mark.

[Appeal allowed; order of High Court set aside]

*[**Bahasa Malaysia** Translation of Headnotes]*

CAP DAGANG: *Pelanggaran cap dagang berdaftar - Undang-undang cap dagang - Samada bersifat kewilayahan - Samada mungkin untuk warganegara Malaysia menjadi tuanpunya berdaftar cap dagang asing yang tidak pernah digunakan di Malaysia.*

CAP DAGANG: *Pendaftaran - Keistimewaan - Samada hanya terbatas kepada pasaran tempatan - Samada pasaran luar negara relevan.*

CAP DAGANG: *Pendaftaran - Bila permohonan dianggap didaftarkan - Akta Cap Dagang 1976, s. 30 - Persoalan hak ekslusif - Seksyen 35 - Samada fakta pendaftaran merupakan keterangan prima facie keesahan pendaftaran - Seksyen 36.*

KETERANGAN: *Beban membukti - Apa perlu dibuktikan - Kajian ditugaskan - Samada diterima - Samada dengar cakap - Artikel suratkhabar - Samada dengar cakap.*

Perayu adalah tuanpunya berdaftaar cap dagang bernama "HUMMEL dan Alat." Cap dagang ini didaftarkan pada 13 Ogos 1981 di bawah nama Gurdip Kaur, yang kemudiannya menyerahhak cap dagang tersebut dan keseluruhan nama baiknya kepada perayu dengan balasan bernilai pada 15 Ogas 1990.

Pada 1 Mac 1995, Hummel International Sports & Leisure ('responden') menetapkan bahawa cap dagang "Hummel" adalah pada semua masa berkenaan harta responden; bahawa cap dagang tersebut telah didaftarkan tanpa kuasa yang mencukupi dan/atau ianya adalah satu kemasukan salah yang masih terdaftar; dan daftar tersebut dikehendaki diselaraskan. Hakim perbicaraan mendapati bahawa orang terdahulu dari responden telah mengasalkan cap dagang tersebut di Germany dan merupakan tuanpunya berdaftarr di 55 negara.

Perayu telah merayu. Isu yang timbul untuk penetapan adalah samada responden adalah tuanpunya sebenar cap dagang tersebut di Malaysia pada semua masa yang berkenaan.

Diputuskan:

Oleh Mahadev Shankar HMR (menyampaikan penghakiman Mahkamah):

[1] Undang-undang cap dagang amat bersifat kewilayahan. Oleh itu, walaupun perbuatan seorang peniaga satu negara mengambil cap dagang seorang peniaga negara asing yang mana sedang memakai cap tersebut di negara asing adalah dibenci, perbuatan itu adalah tidak bersalah di bawah Akta Cap Dagangan 1976 ('Akta tersebut') untuk seorang peniaga Malaysia menjadi tuanpunya berdaftar cap dagang asing yang telah digunakan untuk barangan asing yang sama, sekiranya cap dagang tersebut belum pernah digunakan di Malaysia.

[2] Cap dagang "Hummel" tidak dikenali di Malaysia apabila GK mendapatkan pendaftarannya; tidak terdapat keterangan yang responden telah menggunakan atau memberi publisiti tentang cap dagang tersebut di Malaysia sebelum 13 Ogos 1981 dan di antara 1981 hingga 1989. Tiada juga keterangan bahawa cap dagang "Hummel (D)" kepunyaan responden telah digunakan di Malaysia untuk barangan buatan di sini yang dieksport ke luar negeri kemudiannya.

[3] Untuk menjadi cap dagang, sesuatu tanda perlulah istimewa untuk barangan tuanpunya dalam proses perdagangan di pasaran Malaysia sahaja. Untuk tujuan ini, pasaran negara asing tidak relevan, melainkan ianya dapat dibuktikan bahawa barangan tersebut telah dijual di negara ini dengan cap dagang asing padanya dan cap dagang tersebut telah dikenalkan dengan pengeluar barangan tempatan.

[4] Tidak terdapat keterangan bahawa GK telah meniru cap tersebut daripada orang terdahulu responden, dan sekiranya ada pun, tidak ada bezanya. Pendaftaran dan kegunaan terdahulu di dalam wilayah di mana tuntuan pemilikan dibuat adalah apa yang penting di Mahkamah peringkat asal. Di bawah s. 30 Akta tersebut, permohonan GK telah dianggap didaftar pada tarikh permohonan iaitu 13 Ogos 1981. Di bawah s. 35 Akta tersebut beliau telah diberi hak ekslusif dalam kegunaan cap dagang "Hummel (M)" selama tujuh tahun, dan selepas tarikh itu tarafnya telah menjadi kukuh setelah pendaftarannya menjadi muktamad mengikut s. 37 Akta tersebut.

[5] Untuk menunjukkan bahawa cap dagang tersebut adalah tertinggal secara salah di dalam daftar, responden mesti menunjukkan bahawa cap dagang

tersebut dijangka mengeliru atau memperdayakan orang awam daripada pelbagai latar belakang, dalam jumlah yang penting.

[6] Kegagalan responden mencabar notis amaran suratkhabar perayu menuntut pemilikan cap dagang tersebut, dengan secara tidak langsung, bermakna responden telah mengakui pemilikan perayu ke atas cap dagang "Hummel (M)" di Malaysia.

[7] Kajian yang ditugaskan oleh responden adalah dengar cakap dan tidak boleh diterima. Sekiranya kajian tersebut mempunyai sebarang kegunaan, ianya mesti menunjukkan keadaan fakta pada masa permohonan menghapuskan cap dagang tersebut dibuat.

[8] Sekiranya kemungkinan mengeliru tidak terdapat pada masa cap dagang didaftarkan, tetapi adalah akibat kejadian yang berlaku di antara tarikh pendaftaran dan tarikh permohonan menghapuskan cap dagang tersebut, untuk menghapuskannya, respondent mesti menunjukkan kemungkinan mengakibatkan penipuan adalah akibat kelakuan bersalah pihak tuanpunya cap dagang berdaftar tersebut.

[Rayuan dibenarkan; perintah Mahkamah Tinggi diketepikan]

Cases referred to:
Impex Electrical Ltd. v. Weinbaum [1927] 44 RPC 405 ***(refd)***
The Seven Up Co. v. OT Ltd. [1947] 75 CLR 211 ***(aff)***
Aston v. Harlee Manufacturing Company [1960] 3 CLR 391 ***(refd)***
Pelican Trade Mark [1974] RPC 692 ***(refd)***
R.H. Macy & Co. Inc. v. Trade Accents [1991] 1 SLR 581 ***(refd)***
"Quiet May" Trade Mark [1967] FSPLR 27 ***(refd)***
Imperial Group Plc v. Philip Morris Ltd. & Anor. [1984] RPC 293 ***(cit)***
Hai-O Enterprise Bhd. v. Nguang Chan [1992] 4 CLJ 1985 ***(refd)***
Customglass v. Salthouse [1976] RPC 589 ***(cit)***
Pioneer Hi-Bred Corn Co. v. Hy-Line Chicks Pty. Ltd. [1979] RPC 410 ***(dist)***
"Bali" Trade Mark [1969] RPC 472 ***(refd)***
G.E. Trade Mark [1973] RPC 297 ***(refd)***
New South Wales Dairy Corporation v. Murray Goulburn Co-operative Co. Ltd. [1991] AIPC 37031 ***(refd)***

Legislation referred to:
Evidence Act 1950, s. 33
Rules of the High Court 1980, O. 41 r. 5(2)
Trade Marks Act 1976, ss. 3, 10, 12, 14, 19, 25, 30, 35, 36, 37, (b), (c), 45(1)(a), 71(1)

Other source referred to:
Kerly's Law of Trade Marks, 12th Edn., 1986, pp. 454-455

For the appellant - Linda Wang (Wong Sai Fong with her); M/s. Shearn Delamore & Co.
For the respondent - Ambiga Sreenevasan; M/s. Skrine & Co.

JUDGMENT

Mahadev Shankar JCA:

The appellant Lim Yew Sing ('Lim') is the registered proprietor of the Trade Mark No. M/91626 "HUMMEL and Device" ('the Trade Mark'). It was registered on 13 August 1981 in the name of Gurdip Kaur trading as Sykt. Hardial Singh. The Trade Mark and all goodwill attaching thereto was assigned to Lim for valuable consideration by Gurdip Kaur on 15 August 1990. It consists of the word 'HUMMEL' accompanied with a half-moon device.

Pursuant to a motion filed by the respondent on 5 November 1993, the Kuala Lumpur High Court made an order on 1 March 1995 that the Trade Mark "HUMMEL" is and was at all material times the property of the respondent; that the Trade Mark "HUMMEL" under Registration No. M/91627 was an entry made in the Register without sufficient cause and/or is an entry wrongfully remaining in the Register, and it was further ordered that the Register be rectified by expunging therefrom part of the entry relating to the Trade Mark and that upon service of the order upon the Registrar he do rectify the Register accordingly.

In the first instance it was alleged that Gurdip Kaur was fraudulent in registering the Trade Mark. Subsequently it was contended in the alternative the Trade Mark was an entry made in the Register without sufficient cause or an entry wrongfully remaining in the Register. The only evidence before the Court consisted of affidavit evidence. The application was for a final order. Order O. 41 r. 5(2) of the Rules of the High Court provides that hearsay evidence may only be admitted in interlocutory proceedings. Although the attention of the Court below was not directed to this rule, it did not change the evidentiary burden on the party upon whom the onus of proof rested. This fell upon the respondent, who was therefore obliged to show that there was uncontested material establishing the facts required to support the reliefs claimed.

There is no direct evidence from Gurdip Kaur to show how she was inspired to originate the Trade Mark. That does not mean that there was evidence to show that she could only have copied the word 'HUMMEL' from the respondent's predecessors in title. It is a common German word meaning 'bee' and can be found in any German dictionary.

In the present case there is no evidence whatsoever that the respondent had used or publicised the Trade Mark in Malaysia prior to 13 August 1981. In

short, the mark 'HUMMEL' was unknown in Malaysia when Gurdip Kaur applied for and obtained registration thereof.

Trade Mark law is very territorial in many aspects. So it will be useful to keep in the forefront of our minds that however distasteful it may be for a trader in one country to appropriate the mark of a foreign trader who is using that mark in a foreign country, there is nothing unlawful under the Trade Marks Act for a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods **provided** that the foreign mark has **not** been used **at all** in Malaysia.

We must therefore start on the premise that in Malaysia Gurdip Kaur is the author or originator of the Trade Mark.

She claims that since 1981 she commenced to use the Trade Mark for clothing and sportswear and has widely distributed goods bearing the Trade Mark. Documentary evidence prior to 1994 was not available by the time this case was filed. But ample documentary evidence was produced to show sales going from RM240,000 in 1983 to RM620,000 in 1989. There is also no evidence whatsoever of any use or publicity by the respondent of its mark in Malaysia from 1981 to 1989. In other words so far as the Malaysian market was concerned the Trade Mark had become distinctive of Hardial Singh's goods. The registration was renewed for 14 years from 13 August 1988.

In October 1989, the respondent's solicitors in Singapore challenged Gurdip Kaur's right to use the Trade Mark and threatened to commence proceedings to rectify the Register. Negotiations for a settlement followed in which Gurdip Kaur agreed to accept RM20,000 offered by the respondent to assign the Trade Mark to the respondent. Thereafter the respondent failed to carry the matter further. So in June 1990 Gurdip Kaur's solicitors repudiated the settlement, and asserted her lawful rights. On 15 August 1990 she assigned the Trade Mark for valuable consideration to Lim and Chan Kik Laing Trading as Leroi Enterprise Company. This change was recorded in the Register on 5 October 1990. Lim also incorporated HUMMEL Enterprise Sdn. Bhd. He used the Trade Mark (hereafter referred to as HUMMEL (M)) on track suits, sports jerseys, T-shirts, other sportswear, and shoes. He licenced the Trade Mark to another company to do marketing. This company was to be called HUMM MARKETING (M) Sdn. Bhd. but because the Registrar rejected this name as being closely similar to HUMMEL Enterprise Sdn. Bhd. it was registered as TUMM Marketing (M) Sdn. Bhd. (TUMM). Lim has no shares in TUMM which pays him fees for the licensing rights.

The respondents say that Mr. Weekenbrock, a German citizen, created three trade marks in 1960 as his trade mark in relation to clothing, for sport and leisure wear. These were (1) the word mark 'HUMMEL'; (2) the device of

a bumble bee; and (3) a device of two chevrons as well as a row of chevrons used on shirt sleeves and trousers. These were sold to an American company American Poly International, who in turn sold all the rights to the respondent. By virtue of this agreement the respondent claims to own the trade mark 'HUMMEL' worldwide. We shall hereafter refer to the respondent's mark as 'HUMMEL (D)'.

Since 1983 the respondent registered itself as the proprietor of HUMMEL (D) in 55 countries. It sponsored sports teams in various parts of the world especially in Europe and undoubtedly acquired a reputation in those countries in which it actively sponsored sporting activities especially football. There is evidence that their income and expenditure in these activities ran into hundreds of millions of U.S. dollars.

However we are concerned with the perception of the Malaysian markets and the "use" of the 'HUMMEL (D)' mark in Malaysia. The evidence produced by the respondents of this can be summarised as follows.

The principal deponent for the respondent is their managing director Soren Shriver ('Shriver'). He is residing in Denmark. It is not clear how much of his affidavit is based on personal knowledge and how much on hearsay evidence. Between 1986 and 1992 he says the respondent spent US$4 to 6 million annually on advertisements but there is no evidence that any of this advertising took place in Malaysia. From 1989 to 1992 he says the respondent manufactured and produced under licence from local manufacturers goods to the value of US$0.5 million in 1989 and rising to US$1.5 million in 1992. The benefit to our export earnings is gratifying but the invoices produced from these manufacturers do not prove that the HUMMEL mark was applied in Malaysia to the individual garments produced. More importantly even if it was so applied, it is clear that every single item so produced was immediately exported overseas.

The other deponent for the respondent was Jerry Goh Ser Liang ('Goh'). He averred that prior to 9 December 1991 Jebsen and Jessen Services Pte. Ltd. ('JJ') was the exclusive licensee in Singapore for the respondent. He was in charge of the HUMMEL (D) distributorship and from November 1988 to 1991, JJ's approximate sales of the respondent's products **in Singapore** had risen from S$0.5 million to S$l million. Goh left JJ in November 1991. In December 1991, Goh joined C. Melchers & Company in Singapore ('Melchers') who were appointed respondent's exclusive licensee on 9 December 1991. Goh was simultaneously appointed senior sales manager of Melchers Sportswear Department. Goh then states that after **JJ** received a great number of enquiries, JJ decided to expand into Malaysia and appointed 28 dealers in Malaysia. These appointments must have been made between November 1990

and November 1991 when Goh was still in JJ. But there is no evidence of even a single order for the HUMMEL (D) product by these dealers let alone a single sale. What happened after November 1991 as far as Goh's affidavit is concerned is a blank. Consequently there is no evidence that the respondents ever marketed any of their products bearing the HUMMEL (D) mark in Malaysia.

To revert now to Shriver, he states that from the time the respondent learned from JJ of the HUMMEL (M) mark, the respondent, JJ and Melchers have not been able to market and sell their products in Malaysia for fear of legal proceedings from Lim. Indeed on 7 January 1991, Lim put a warning notice in *The Star* newspaper claiming ownership of the mark. What prompted this advertisement is not clear but the fact that Lim's solicitors had repudiated the respondent's claims by a letter dated 29 June 1990 is not irrelevant. It is significant that the respondent's solicitors did not reply to this letter. Nor did the respondents mount a direct challenge to the advertisement. If they felt so strongly at that time that the HUMMEL (M) mark was theirs and they had established such a strong presence in the Malaysian market through JJ's activities, one would have expected a reaction. It is a fair inference from their omission that the respondents had thereby tacitly acknowledged Lim's ownership of the HUMMEL (M) mark in Malaysia.

What the respondents did instead was to instruct their solicitors to commission a survey. According to Shriver this was done in May 1991. The company instructed was In-Depth Research and Management Consultant Sdn. Bhd. ('the surveyors'). Their report is headed "HUMMEL AND DEVICE-Research study" ('the survey'). It is dated 4 October 1991. It is said to have been prepared for Skrine & Co. It is a 72-page document, and is attached as an exhibit to Shriver's first affidavit.

The following observations can be made immediately about the survey:

(1) The precise instructions given by Skrine and Co. to the surveyors is not in evidence.

(2) The heading "HUMMEL AND DEVICE - Research Study" does not positively establish whether the trade mark being investigated was HUMMEL (M) or HUMMEL (D). The expression "HUMMEL AND DEVICE" very strongly suggests that the persons interviewed were being asked about the HUMMEL (M) mark which was accompanied by the half-moon device.

(3) The survey is not signed.

(4) The persons who conducted the survey have not been identified.

In his first affidavit dated 12 October 1993 Shriver swears in para. 25(b):

(b) The survey clearly indicates that the reputation and goodwill in the HUMMEL mark belongs or is associated with the applicant and conversely that the respondents and/or Sykt. Hardial Singh do not own the goodwill or up to October 1991 have not generated any goodwill for themselves in the HUMMEL mark.

A cursory inspection of the survey however discloses that it does not support Mr. Shriver's contention at all. Hardial Singh's name or for that matter the names of the respondent or Lim or Leroi Enterprise Co. does not figure anywhere in the survey. At p. 7 of the survey we have this sentence:

> And on probing, we found that 30% of the dealers aware of the Hummel name, were able to correctly identify it as originating from Denmark. Another 20% associated it with England and 10% believed it to have originated from Holland or Switzerland.

This is what Lim said about the survey in his reply affidavit:

> 27. The market survey report exhibited as 'SC-24' to Soren's affidavit is not conclusive of the issues to be decided by this honourable Court. In particular it is noted that the survey was conducted based on a very specific group of the public, namely, sports goods dealers, sports fans and sports players who do not represent the trade and public at large. The locations or geographical areas over which the survey was conducted are also limited and not specifically stated. The report cannot therefore be taken as representing the views of the entire public of Malaysia. The findings of the survey report is contested and not admitted.

We agree with appellant's Counsel Wong Sai Fong that this survey was nothing more than hearsay evidence, and Shriver's averments thereon was hearsay upon hearsay. Since it was contested it was incumbent upon the respondent to prove its contents as required by the Evidence Act. Since nobody had been called from In-Depth to prove the survey it was not evidence as that word is understood in a Court of law because it was not admissible.

On the assumption that it was admissible the first comment that has to be made is that between May and October 1991 there is no evidence of the presence of any of the respondents' products with the HUMMEL (D) mark being sold or advertised in Malaysia. It follows that In-Depth's researchers could not have asked their interviewees whether they thought that a particular shoe or sports jersey bearing the HUMMEL (D) mark had been manufactured in Malaysia by Leroi Enterprise Co. or by the respondents. They were not being shown actual goods and asked whether the HUMMEL mark on them was distinctive of the appellant or the respondent.

We will deal with the other criticisms made of this survey after we have commented on the case law. Generally let it be said that if a survey is to be

of any use it must fairly reflect the factual position **at the time** the application to expunge is made.

On 16 and 18 May 1991 there appeared in the sports pages of *The New Straits Times* articles about matches played by Tottenham in the English F.A. Cup. There is a photograph of Gascoigne in one and Mabbutt in the other wearing a jersey with the words 'HOLSTEN' in large capitals across their chests. In much smaller words just below the right shoulder are the words 'HUMMEL' with the bee device both of which would escape notice unless one is straining to see them. We cannot agree that these photographs constitute any evidence of advertisement in Malaysia. A further article appeared in *The New Straits Times* dated 4 September 1992 about garment makers in Malaysia, which specifically referred to Ta Kwong (Kedah) Sdn. Bhd. in Alor Setar making garments to the order of HUMMEL for the Danish national team. We do not think this took the respondent's case any further because the reference is to Malaysian garment makers generally who were making items supplied to retailers in the USA and Europe **for sale there** under leading brand names.

The fact that the respondents did not take any action here when they got the survey in October 1991 speaks for itself. What stung them into action took place allegedly in November 1992. Accordingly to Shriver, an article was published in *The New Straits Times*, captioned "$10,000 boost for hockey tourney". (Curiously the photocopy of this page is not dated). According to this article a company called 'HUMM Marketing (M) Sdn. Bhd.' which the main sponsor for the Milo-NSTP 7th Mass Media Hockey Tournament, had provided prizes, jerseys and kits for the eight teams competing. Its sponsorship was said to be worth RM10,000 consisting of jerseys, socks and shorts. The article carries a photograph of Elson Moey, HUMM's marketing manager handing over a jersey to the NSTP hockey team manager. Emblazoned across the chest of the jersey is the name 'HUMMEL'. The last two paragraphs of this article reads:

> Humm Marketing is the sole manufacturer and distributor of Hummel sports apparel, a well-known brand from Denmark.
>
> Hummel also manufactures casual wear and sports equipment.

The respondents say that these words meant, and the writer of the article intended them to mean, that the sports apparel solely manufactured and distributed by HUMM Marketing Sdn. Bhd. were the goods of the owners of the HUMMEL (D) mark, i.e. the respondents.

A casual reading of this article could indeed convey this impression. But the following points must be made. The writer of the article was not identified and did not testify. There is no suggestion that Elson Moey said this. The

statement is not attributed to him. He was not asked by the respondent or its solicitors to comment let alone being called as a witness, although there is evidence that Goh contacted him and got his business card. Most importantly there is no evidence even if Elson Moey did make a statement that his act in doing so was caused or permitted by the appellant, whose sworn response to the accusation aforesaid was as follows:

> I refer to para. 24 of Soren's affidavit. Tumm Marketing (M) Sdn. Bhd. is an authorised distributor of my goods bearing the Trade Mark. The article referred in para. 24(a) was published by *The New Straits Times* and I cannot be held responsible for any errors or inaccuracies in its reporting. Any mispresentation made is attributable to *The New Straits Times* newspapers and should not be unfairly linked to me when I was not even present on the occasion reported.
>
> Any inaccuracies in reporting is also not to be attributed to my distributor Tumm Marketing (M) Sdn. Bhd. who has no control whatsoever over what is reported in *The News Strait Times.* To assume that by reason of the inaccurate reporting by *The New Straits Times*, I have acted in such a way as to lead my own distributor to think that the principal is the applicant, is seriously flawed.

After this newspaper article the respondent caused their solicitors to make the necessary searches in the company's registry for HUMM Marketing (M) Sdn. Bhd. and TUMM Marketing (M) Sdn. Bhd. (the name on Elson Moey's business card) and filed this application.

The other allegations made in the affidavit filed for and against the motion do not carry the factual picture much further. Two further comments however are in order. The respondents say that because there is no evidence that the appellant required the NST to publish a correction of the newspaper article the appellant must be taken to have condoned the article and permitted the misrepresentation. It is further stated that since Elson Moey had distributed the material free, the appellant must have authorised it. These conclusions are such obvious *non-sequiturs* that they need not delay us here.

Before us it was strenuously contended that by reason of some paragraphs in the contesting affidavit the appellant had admitted that between 1990 and 1993 the respondents had established a sizeable market for their products carry the HUMMEL (D) mark in Malaysia. These are para. 8 in Goh's affidavit reading:

> By reason of the good response in Singapore, JJ received a great number of inquiries from the sports retail trade in Malaysia on the 'HUMMEL' trademark and sometime in November 1990 decided to expand and to distribute the 'HUMMEL' products in Malaysia. Since that date, I verily say that JJ on the applicant's behalf has built up a strong network of dealers for the "HUMMEL" products in Malaysia. A list of the names and addresses of these dealers are now produced and shown to me marked GSL-2.

and para. 18 of Lim's affidavit in reply which reads:

> I further refer to the affidavit of Jerry Goh Ser Liang affirmed on 28 October 1993 (hereinafter called 'Jerry Goh's affidavit') and note that the applicant started distributing its HUMMEL products in Malaysia recently in November 1990. I have been advised by my solicitors and verily believe that such use of the HUMMEL trade mark by the applicant in Malaysia constitutes an infringement of my trade mark rights. Legal actions to enforce my rights in the trade mark shall be taken against the applicant as advised by my solicitors.

The submission by the respondents' Counsel that this amounted to an admission that there was factual evidence of the distribution of HUMMEL (D) products in Malaysia was misconceived. Goh merely said that JJ had entered the Malaysian market. Lim noted this and said that he would take action. Either way there would have to be independent evidence to establish that such distribution had in fact taken place. As we have already pointed out there was none.

The main thrust of the respondent's case in the Court below was that the conduct of Gurdip Kaur and Lim was fraudulent in registering and maintaining the Trade Mark because they knew at all material times that the Trade Mark belonged to the respondent. The learned trial Judge rejected the allegation of fraud but nevertheless found that the respondent was the true owner of the Trade Mark at all material times. Putting it broadly, he appears to have reached this conclusion because he found that the respondent's predecessors had originated the mark in Germany and were the registered owners of the mark in 55 countries. This begs the question as to whether the respondents were the true owners of the mark **in Malaysia** at all material times. The learned Judge then proceeded to de-register the Trade Mark because he found as a fact that it was likely to cause confusion because a Malaysian consumer buying the appellant's products in Malaysia with the HUMMEL (M) mark would result in his being cheated or confused because he would think that the product was the respondent's product carrying the HUMMEL (D) mark.

Before us respondent's Counsel who had also appeared in the Court below conceded that she "could not push the argument that registration of the Trade Mark in Malaysia had been procured by fraud." This was a euphemistic way of saying that she had no case on that ground. But she maintained that the trial Judge was right in ordering de-registration. Shorn of all its trappings her submission amounted to this. Regardless of the fact that a foreign trader had not sold any of his products in the Malaysian market, and had not produced any evidence of advertisement or publication of the sales of his product here, the mere fact that a foreign trader had an extensive foreign proprietorship and reputation of his mark abroad, was enough legal reason for him to displace from the Register a Malaysian owner who had lawfully registered a similar

mark here. It was submitted that this must be so because the ultimate purchaser may believe that HUMMEL (M) was in fact HUMMEL (D) even though there were no HUMMEL (D) goods in the Malaysian market and the appellant had himself done nothing to encourage that belief. With respect respondent's Counsel was being very bold. We have to go back to basics to see if she was right.

This case is governed by the Trade Marks Act 1976 ('the Act'). It is in no way concerned with the Trade Marks (Amendment) Act 1994 (Revised Act A 881/94 which came into effect on 9 October 1995).

By the definition s. 3 a 'mark' includes ... a device ... a word ... or any combination thereof ('HUMMEL' is a word and the half moon is a device). A "trade mark means ... a mark used or proposed to be used in relation to goods for the purpose of indicating ... a connection in the **course of trade** between the goods and the proprietor or registered user of the mark." By s. 10 in order for a trade mark "to be registrable ... it shall consist of at least one of the following particulars:

> (d) a word having no direct reference to the character or quality of the goods, not being, according to its ordinary meaning, a geographical name or surname; or
>
> (e) any distinctive mark.

Pausing here let it be noted that 'MADRID' being the name of a place and 'OLSEN' being a Scandinavian surname will not be registrable in Malaysia. There can be no property in a mark which is not registrable.

What emerges from s. 12 is that to be a trade mark the mark has to be distinctive of the goods of its proprietor. That distinctiveness has to be gauged by the extent to which the trade mark is adapted to distinguish the goods with which its proprietor is connected **in the course of trade** from goods with which no connection subsists. For the purpose of establishing distinctiveness therefore one must look to the **use** of the mark **in the course of trade**. The element of confusion comes in when goods belonging to two different proprietors with similar marks are competing in the same market in the course of trade. The confusion here is in the perception of the consumer.

This point has to be made now because of the reliance placed by the respondent's Counsel on s. 71(1) of the Act which reads:

> 71(1) The application in Malaysia of a trade mark to goods to be exported from Malaysia and any other act done in Malaysia in relation to the goods which if done in relation to goods to be sold or otherwise traded in Malaysia would constitute use of a trade mark in Malaysia shall for the purpose of this Act be deemed to constitute use of the trade mark in relation to those goods.

It has to be noted that the "trade mark" has to be applied **in Malaysia.** There is no hard evidence in our case that the HUMMEL (D) mark was applied in Malaysia to the goods manufactured for export. However for the purposes of establishing confusion in the minds of the Malaysian public such "use of the trade mark in Malaysia" cannot be factually equated to use of the trade mark "in the course of trade" in Malaysia because the Malaysian consumers never saw these goods. There is no evidence that Lim saw them either. Indeed when the respondent's solicitors in Singapore challenged Gurdip Kaur in 1989 they did not disclose that the respondent was already using or intended to use the HUMMEL (D) mark on goods which were being manufactured or proposed to be manufactured in Malaysia for export. This evidence only came out in these proceedings in 1995.

Gurdip Kaur filed her application under s. 25 of the Act in 1981. She claimed to be the proprietor of the HUMMEL (M) mark. On the basis that nobody else had previously used the mark in Malaysia she was quite entitled to make this claim. If case law is required to support this statement reference may be made to the following *dicta*.

(a) *Impex Electrical Ltd. v. Weinbaum* [1927] 44 RPC 405 at pp. 410 and 411 where Tomlin J said:

> It is not plain upon the evidence when they first began to use the 'Dario' on any of their goods; it certainly was not before June and it may not have been until some later date in July or August. There is no evidence that the word 'Dario' was ever seen or heard of in this country at any rate before the date of the registration of the plaintiff company's trade mark. The evidence of the sale of *La Radiotechnique* valves bearing the word 'Dario' does not at any rate relate to anything earlier than, I think it is, May of 1926 or it may be April of 1926. There is no evidence of that word ever having been known or heard of in this country before that date. There is no evidence that the word 'Dario' has ever been connected in this country with any manufacturer or importer, apart from any rights which the plaintiff company may have to use the word.
>
> The argument presented to me by the defendant in support of the motion to rectify is, as I understand, in effect this: If a manufacturer in some foreign country has a mark registered in that foreign country, that is a mark which cannot be registered in this country, or at any rate which cannot be registered in this country by anybody who ever imports the goods manufactured by the owner of the mark in a foreign country, and the *Apollinaris* case is cited as an authority in support of that proposition.
>
> It seems to me that the whole contention rests misapprehension. For the purpose of seeing whether the mark is distinctive, it is to the market of this country alone that one has to have regard. For that purpose foreign markets are wholly irrelevant unless it be shown by evidence that in fact goods have been sold in this country

with a foreign mark on them, and that the mark so used has thereby become identified with the manufacturer of the goods. If a manufacturer having a mark abroad has made goods and imported them into this country with the foreign mark on them, the foreign mark may acquire in this country this characteristic, that it is distinctive of the goods of the manufacturer abroad. If that be shown, it is not afterwards open to somebody else to register in this country that mark, either as an importer of the goods of the manufacturer or for any other purpose. The reason of that is not that the mark is a foreign mark registered in a foreign country, but it is something which has used in the market of this country in such a way as to be identified with a manufacturer who manufactures in a foreign country. That, I venture to think, is the basis of the decision in the *Apollinaris* case. It seems to me to be the basis of the decision in the case before Mr. Justice Clauson in *Lacteosote Limited v. Alberman,* and it seems to be consonant with good sense.

In the present case, there is no evidence that anybody ever used in this country the word 'Dario' in connection with any goods at all or that the word 'Dario' has become associated with any goods at all. The only evidence is that, after the plaintiffs had registered their mark, somebody introduced goods into this country with the mark upon them, and why that should not be an infringement of the mark, if it is properly on the Register, I am unable to understand. The mark may not have been properly put upon the Register because it was not distinctive; but there has been no evidence before me directed to showing that it was not capable of being distinctive. There is no evidence before me upon which I can come to the conclusion under s. 37 that the registration was not with a *bona fide* intention to use the same in connection with any such goods. There has in fact been, in my judgment upon the evidence, *bona fide* user in connection with the goods, and that being so, it seems to be impossible to say that a case is made out under s. 37 for the removal of the mark.

(b) *The Seven Up Co. v. O.T Ltd.* [1947] 75 CLR at p. 211 where Williams J said:

In my opinion the effect of these cases is that in the absence of fraud it is not unlawful for a trader to become the registered proprietor under the Trade Marks Act of a mark which has been used, however extensively, by another trader as a mark for similar goods in a foreign country, provided the foreign mark has not been used at all in Australia at the date of the application for registration. But the position is different if at that date the mark has become identified with the goods of the foreign trader in Australia because those goods have been brought into Australia by the foreign trader himself or by some importer or in some other manner. The Court frowns upon any attempt by one trade to appropriate the mark of another trader although that trader is a foreign trader and the mark has only been used by him in a foreign country. It is therefore seizes upon a very small amount of use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia. It is not then a mark which another trader is entitled to apply to register under the

Trade Marks Act because it is not his property but the property of the foreign trader. The Registrar is entitled to refuse to register the mark for such goods. If it has been registered, the Court may rectify the register on the ground that the mark is wrongly entered on the register.

Further, if at the date of the application for registration, the mark of the foreign trader, although it has not been used in Australia, has nevertheless become associated in the minds of the Australian public with his goods because it has been advertised in publications which have circulated extensively in Australia or in some other manner, the Registrar is entitled to refuse to register the mark for such goods because it is likely to deceive. If it has been registered the Court may rectify the Register on the ground that mark is wrongly entered on the Register. (*In re Remfry's Trade Mark* [1987] 23 VLR 44; R*adio Corporation Pty. Ltd v. Disney* [1937] 57 CLR 448).

But none of these circumstances exist in the present case. There are no business or other arrangements between the applicant and the respondent which made it fraudulent for the respondent to apply to register "8 UP" on 17 August 1939. The mark "7 Up" had never been used on the goods of the applicant in Australia and had never become associated in the minds of the Australian public with its goods at that date.

(c) *Aston v. Harlee Manufacturing Company* [1960] 3 CLR 391 where the headnote reads:

Where it clearly appears that there has been no user at all in Australia, an applicant for a trade mark identical with a mark registered in a foreign country is entitled to be regarded, so far as Australia is concerned, as the 'author' of the mark and, provided that he intends to use the mark upon or in connexion with goods, of which intention the making of the application for the mark is itself *prima facie* evidence, and that in the claim to proprietorship there is involved no fraud on another, the applicant is entitled to be considered the proprietor of the mark and this notwithstanding a later application by the registered holder of the mark in the foreign country.

(d) *Pelican Trade Mark* [1974] RPC 692.

In this case the English trader had made a mark by copying the identical mark of the American trader and registered it as his own. The relevant passages from the judgment are at pp. 696 and 697:

(i) There is no evidence as far as I can see that the respondents were aware, at the time they made their applications in June 1965, of any sales of the applicant's bibs bearing the PELICAN mark in the United Kingdom. The sample which they acquired in December 1963 was obtained in Canada and there is no evidence they were aware of the inquiries being made by Frances Blake and others for the supply of the applicant's goods or samples to the United Kingdom prior to the date of their applications. There can be no doubt that they copied the applicant's mark from the sample which they

had acquired; but this is not to say that they were aware that he had made any claim to proprietorship of the mark in the United Kingdom. They caused a search to be made of the United Kingdom Register which revealed only the conflicting trade mark owned by E.W. Bryan Ltd., as a result of which they negotiated and secured the necessary cancellation of the specification of the mark to enable their own applications for registration to proceed.

(ii) The first issue in the present case is whether the respondents, at the time they made their applications, could properly claim that they were the proprietors of the marks as required by s. 17(1) of the Act. There is no doubt that they knew of the applicant's trade mark from the sample bib which had been obtained in Canada, but there is no evidence, as far as I can see, that, at the time they made their applications, they were aware of an earlier assertion of proprietorship of the mark by the applicant in the United Kingdom or of the attempts by the applicant to obtain a market for his Pelican bibs in the United Kingdom. They took what precautions they could to check the position here and there is no suggestion that, by choosing the PELICAN mark, they hoped to gain the benefit of any publicity that it might have received by reason of the applicant's use of it. Further, there is no evidence that the applicant had made an earlier application to register his Pelican mark in the United Kingdom. If he had done so he would have encountered the same obstacle on Register as did the respondents. It is evident that the respondents had a ready intention of using the marks when they were applied for in June 1965 as the first delivery of bibs bearing the trade marks took place in the following September, since when the sales have continued on a substantial scale. In my opinion the respondents could properly claim to be the proprietors of the trade marks in suit at the time they applied to register them in the United Kingdom and I do not consider that their claim was false.

(iii) Nevertheless there is no convincing proof, in my opinion, that the applicant's bibs were, prior to the relevant date, available for sale or had been sold in the United Kingdom to any material number of people. The applicant's evidence falls short, in my opinion, of establishing satisfactory use of his mark to enable me to conclude that the use of the respondents' mark in a normal and fair manner in connection with plastic bibs would be reasonably likely to cause deception and confusion amongst a substantial number of persons.

To get round *Pelikan*, respondent's Counsel placed great reliance on *R.H. Macy & Co. Inc. v. Trade Accents* [1991] 1 SLR 581. The decision of Rubin JC in that case is of great persuasive value and deserving of the highest respect. At p. 589 he says this:

> The *Pelican* case is a weak precedent and in any event, the Assistant Registrar's decision was based on his finding that the respondents in the *Pelican* case did make inquiries and took precautions to verify if there was an earlier assertion of proprietorship in the United Kingdom. Moreover, the distinguishing characteristics

present in the case before me, i.e. the existence of a representative office within the country and an extensive and ongoing commercial activity involving the applicants and a number of local companies about four years before the respondents' mark was registered, did not feature in the *Pelican* case.

It may be that Rubin JC thought that there was **some** evidence (in the *Pelikan* case) of prior user in the United Kingdom by the American manufacturer, and therefore the decision should have gone the other way. But as the very first paragraph in the headnote indicates the evidence did not establish that American Pelikan bibs had been **sold in the United Kingdom.** As to the claim that the American had advertised in the United Kingdom the Registrar held that there was "'no evidence of any sustained advertising" and could not "conclude that any material number of magazines bearing the (American) advertisements had been seen by the trade and potential customers in the United Kingdom." (See p. 694 line 30 *et. seq.* which also shows that the evidence was *viva voce* - not affidavits).

By s. 30 of the Act, Gurdip Kaur's application was deemed registered as on the date of the application, i.e. 13 August 1981. By s. 35 she was given exclusive rights to the use of the HUMMEL (M) mark in Malaysia. It was not correct for the respondents to claim that **at all material times** the mark belong to them world wide. Until the respondents displaced the registration in Malaysia they did not own the mark here. By s. 36, the mere fact of registration was *prima facie* evidence of the validity of the registration.

By 13 August 1988, Gurdip Kaur had remained the registered owner of the HUMMEL (M) mark for seven years. From that date onwards her position became entrenched because the registration became conclusive. The material words of s. 37 are:

> 37. In all legal proceedings relating to a trade mark registered in Part A of the Register (including applications under s. 45) the original registration of the trade mark under this Art shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown:
>
> (a) that the original registration was obtained by fraud;
>
> (b) that the trade mark offends against s. 14; or
>
> (e) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods of the registered proprietor.

We need not concern ourselves with s. 37(a). The learned trial Judge held and respondent's Counsel has conceded that they had failed to make out a case under s. 37(a). She now sought to impress upon us that she was entitled to succeed under s. 37(b) and (c). The key words here are "offends" in s. 37(b) and "at the commencement of the proceedings" in (c).

To span the required time frame the mark should have offended s. 14 when the proceedings were commenced (so as to vest the respondent with a cause of action) and continued to do so at the time of the trial. 37(c) relates to 5 November 1993 when the motion was filed.

The respondents' failure to call *viva voce* evidence. Their total reliance on affidavit evidence cut the ground from under their feet. Apart from all the other weaknesses of their evidence herein before noted, i.e. admissibility, hearsay and so on, even if every word in their affidavits was assumed to be the gospel truth, their complaints related to a state of affairs prior to the date of the survey, i.e. 4 October 1991 (two years earlier) and the Elson Moey newspaper article in *The New Straits Times* on some date in November 1992.

To bolster his accusation that the registration and subsequent user of the HUMMEL (M) was fraudulent, Schriver exhibited a photograph of a pair of socks which he claimed was manufactured by Hardial Singh & Company and carried the Trade Mark. He said the three black stripes on the socks are a trade mark belonging to ADIDAS, and that the half moon device belonged to another German company known as Sportartikelfabrik Karl Uhl GmbH. When, where and from whom Schriver got this pair of socks or the photograph is not stated.

The person who took the photograph was not identified. As can be seen this material influenced the mind of the trial Judge adversely against the appellant. There is a well-established principle that evidence though technically admissible, which has a prejudicial value which is completely disproportionate to its probative value, should be disregarded. The principle applies equally in trade marks cases. In the present case this material was not even technically admissible. It was irrelevant. It is a matter for regret that Schriver was permitted to inject it into these proceedings. So also was the suggestion that Sykt. Hardial Singh had been guilty of impropriety in applying the labels 'Madrid' and 'Olsen' to their goods. Geographical names and surnames are not registrable under the Acts as we have point out earlier.

The respondents moved the Court under s. 45(1)(a) which reads in material particular as follows:

> 45(1) Subject to the provisions of this Act:
>
> (a) the Court may on the application ... of any person aggrieved ... by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register ... make such order for ... expunging ... such entry as it thinks fit.

As the Registrar said in *"Quiet May" Trade Mark* [1967] FSPLR 27 at p. 33:

There is no evidence that the registered proprietors have used the mark QUIET MAY in the United Kingdom before or after the relevant date. I consider that is inevitable, in view of the reputation acquired by the applicant's mark QUIET MAY, that the use of the same mark by the registered proprietors in a normal and fair manner in, respect of oil burners would cause deception and confusion amongst a substantial number of persons. In reviewing the effect of s. 11 in a recent judgment, to which Whitford drew my attention, TRANSFERMATIC Trade Mark [1966] FSR 192 at p. 200 Buckley J said:

> Where, however, as in this case, an applicant seeks to have a registered mark expunged because, as he alleges, its registration offended against s. 11 on the ground of deceptive similarity, in my judgment the burden rests upon him to establish the probability that immediately before the mark was registered he could have obtained an injunction restraining his opponents' use of the mark. This probability must not be theoretical or slight, but real and substantial. Have the applicants for rectification achieved this?

The claim that the entry was made in the Register on 13 August 1981 without sufficient cause has already been shown to be totally without any foundation whatsoever. We feel obliged to add that claims for universal ownership of commonplace marks have to be viewed with scepticism. There is nothing so esoteric about words in foreign dictionaries or astronomical signs that any particular person can claim to have **invented** them. German dictionaries have long been available in Malaysia and the crescent moon has been an Asian religious symbol for both Muslims and Hindus from time immemorial. The respondents also claim ownership of the two chevrons device which is nothing more than a pictorial representation of the corporal's stripes which arrived in Malaysia over two centuries ago with colonialism. There is no **proof** here that Gurdip Kaur copied her mark from Weckenbrock or Pony but even if she did it makes no difference. Registration and prior user in the territory where the claim to ownership is made in what matters in a Court of law in the first instance.

Having totally failed to prove that the Trade Mark was wrongly entered the respondents tried to show that it was wrongfully remaining in the Register. To go back to s. 14 they had to show that the Trade Mark should not remain registered because its "use ... is likely to deceive or cause confusion to the public ... ."

But is that the deception or confusion to be judged –

(a) By making a comparison of the respondent's products with the appellant's?;

(b) or by some intrinsic or inherent characteristic of the Malaysian market?

(c) In either case has the respondent to show that the Trade Mark (HUMMEL (M) and Device) has lost its adaptiveness to distinguish the appellant's goods from those of the respondent and must that loss be something that is occurring in the course of trade in Malaysia of the aforesaid goods?

Since the deception and confusion refers to the minds of the Malaysian public must we look at the trading activities of the respondent in the Malaysian market or would a mere international reputation suffice without any trading activities in Malaysia?

To the various reasons given earlier as to why the survey was of no assistance in this case there must now be added another. Even if authorship had been properly proved, survey evidence to have validity must meet certain minimum criteria which have been spelt out in *Imperial Group plc. v. Philip Morris Ltd. & Anor.* [1984] RPC 293. In the instant case the required criteria had not been met.

The surveyors interviewed 25 sports dealers in the various states, 12 of their names appear in Jerry Goh's list as his clients in 1990/91. The number of sports fans and sportsmen interviewed is not clear but there are pages in the survey suggesting that 28 sports consumers were interviewed. We are unable to say whether this group represents a fair cross-section of the Malaysian public. The **totality** of the questions put the exact answers given were not disclosed. What we have here is a whole lot of percentage statistics which look quantitatively impressive. But in terms of quality and relevance there is authority to say that "a member of the trade cannot be heard to say that a member of the public would be confused". (See *Kerly's Law of Trade Marks* - 12th Edn., 1986, pp. 454-455 citing *Spillers* [1942] 69 RPC 327 at p. 334). As to the awareness of sports goods consumers, p. 27 of the survey states that 21 out of 23 of the persons interviewed (91.30%) did not even know who the owner of the HUMMEL mark is. This emphatically is not confusion or deception as required by s. 14 of the Act. What has to be shown is that a statistically significant and relevant cross-section of the public were confused or deceived into thinking when they saw the HUMMEL (M) mark that it was a HUMMEL (D) mark belonging to the respondent.

Ambiga cited *Customglass v. Salthouse* [1976] RPC 589 to support her contention that the survey was admissible and also referred to s. 33 of the Evidence Act 1950. With respect, the evidence of an expert, like that of any other witness is only admissible in a trial when he testifies on oath and makes himself available for cross-examination. The value of this case is best evaluated alongside the others of its genre. They are conveniently listed in *Kerly (ibid)* at p. 454, n. 11 and they show that the experts gave evidence from the witness box.

In terms of hard evidence the respondent's Counsel had nothing to show that the respondent's products with the HUMMEL (D) mark was actually being traded in the Malaysian market, or that the respondents had publicised their HUMMEL (D) mark in the Malaysian market by advertisements or other material so as to induce the Malaysian public to believe that their products were on sale here. Hence her submission that an international reputation outside Malaysia, coupled with a likelihood of confusion within the country was enough to entitle the respondent to be granted the expunction order.

The cases cited by respondent's Counsel does not support such a claim. In *Hai-O Enterprise Bhd. v. Nguang Chan* [1992] 4 CLJ 1985 at p. 2002 the Judge said of s. 14 of the Act:

> The relevant time is now. The question quite simply is whether a person looking at the goods Hai-O is selling will infer from the said mark thereon that the goods are Hai-O's or the Chinese. For the purpose of s. 14 the question should be directed also to the other products on sales in Malaysia on which the said mark appears.
>
> Siew submitted that no deception was possible because the Hai-O box categorically stated that they were only the importers whereas the produced was stated to be manufactured by the Chinese. He further contended that it was not a requirement under Malaysian law that a proprietor claiming to register a mark should in fact have the exclusive right to use the mark.

In this context it is to be noted the relevant works of s. 34(1) of the Act are:

> ... the registration of a person in Part A ... as registered proprietor of a trade mark ... in respect of any goods shall, if valid, give ... that person the exclusive right to the use of the trade mark in relation to those goods ... .

The authorities I have referred to so far makes it reasonably clear that a claim to sole proprietorship of a mark at the time of registration must necessarily connote that the claimant was contending that he had exclusive right to the use of the mark. If that were not the case the mark should not be registered even if there is only a real danger of confusion. It is enough if an ordinary man entertains a reasonable doubt whether the two products come from the same source.

In this context reference could be made to the test spelt out in *"Bali" Trade Mark* [1969] RPC 472 by Lord Upjohn at pp. 496 and 497. The test has been locally applied by M.P.H. Rubin, Judicial Commissioner in *R.H. Macy & Co. Inc. v. Trade Accents (a firm),* Singapore High Court D.M. 2 of 1991 (unrep.).

This is of course a question of fact and as the Judge both of law and fact I can bring my own mind to bear on this matter because this is not a specialised product. (See *G.E. Co. Ltd.* [1972] 2 All ER 507 at p. 515; [1973] RPC 297, per Lord Diplock at p. 515.)

> I have before me a carton of L.Z.M.L. (Exh. R.1) marketed by Hai-O, a carton of Special Quality Ling Zhi Wine marketed by N.C., and two other bottles of Bark and Iron Wine & Tanglong Jianmeijiu (Fat Reducing Wine). All of them bear the said trade mark. Deception and confusion arises because one is left to wonder about the source of origin of the L.Z.M.L. marketed by Hai-O's product. Further deception is clearly caused as the other three products aforesaid because Hai-O has nothing whatsoever to do with those products but the claim to the ownership of the said mark could leave the Malaysian public to wonder if these are in fact Hai-O's goods.

So Ambiga submits that it is enough to procure de-registration if a reasonable man looking at the HUMMEL (M) mark and the HUMMEL (D) mark is likely to think that HUMMEL (M) goods are made in Denmark. With respect this is not correct. In the *Hai-O* case, the goods of the Chinese manufacturer with the manufacturer's mark were already being traded in the Malaysian market before Hai-O registered themselves as owners of the mark. Hai-O knew full well at all material times that the true owner of the mark was the Chinese manufacturer. Hai-O was a mere importer who continued to import these products with full knowledge that the true owner of the mark was the Chinese manufacturer. Ngung Chang had also imported the Chinese goods with the Chinese marks. The deception and confusion was that by using the mark Hai-O were in effect contending that they were the makers of the Chinese goods which they were not.

The respondent's submission that in the circumstances of this case, the non-existence of the respondents's goods for sale to the Malaysian public did not matter and that the mere establishment of the respondent's foreign reputation was enough to entitle the respondent to succeed, probably had its genesis in *Pioneer Hi-Bred Corn Co. v. Hy-Line Chicks Pty. Ltd.* [1979] RPC 410. The appellant (Pioneer) was an Australian Company. It had registered the trade mark 'HY-LINE' in respect of poultry in New South Wales in 1959. The respondent (Hy-Line) had registered a similar mark in the United States in 1941. Hy-line had not opposed Pioneer's registration of the mark in Australia. In 1963, Pioneer applied to register its mark in New Zealand. As of that date there had been **no sales** of Hy-line's products in New Zealand. However it was an established fact the New Zealand market was well aware of Hy-line's mark because of its substantial advertising and publicity in New Zealand. Hy-line successfully opposed Pioneer's application for registration on the ground that Pioneer's mark was likely to deceive or confuse the public in New Zealand as to the true origin of Pioneer's products.

We should note that the equivalent (but not similar) section to the United Kingdom Act ss. 11 and 12, are the New Zealand ss. 16 and 17, and the Malaysian ss. 14 and 19. In the present case it was totally unnecessary for Hy-line to show evidence of actual sales in New Zealand because their

opposition was based on s. 17. We may now refer to the judgment of Richardson J at p. 432 of the report where he quotes Lord Upjohn in *"Bali" Trade Mark* [1969] RPC 472 at p. 496:

> This is the chief distinction between s. 11 and s. 12. Section 12 is principally a weapon in the hands of a registered proprietor though it is not necessary that he personally should object. Here no user by the registered proprietor need be shown; it is purely a question of similarity. Section 11 is, as I have said, for the protection of the public and anyone may object, but if he relies only on similarity he must prove the practical likelihood of confusion to the public and this he can only do, for the purposes of the section, by proving the existing user by another, not necessarily by himself, which is likely to cause deception or confusion; but if he does not establish likelihood of confusion by some present user of a similar mark likely to cause deception or confusion by some present user of a similar mark likely to cause deception or confusion the Court would not treat that as sufficient to disentitle the mark in suit to protection.

The irony of the *Hy-line* case was that neither Pioneer nor Hy-line could use the mark in New Zealand. The similarity in the mark was a double edged sword which cuts both ways. As Woodhouse J said at p. 414:

> However, I agree with Gault that in such a situation an application for registration of the mark by the American company could well suffer the same fate as the application which was made by the Australian company. I understood Gault to suggest that the Act could never have been intended to bring about a situation in which neither company could obtain registration of the mark in New Zealand. With respect, the fallacy in that argument seems to be that it looks at the problem from the point of view of the individual traders concerned and not from the point of view of the public interest.

Wholly different considerations apply where an application is being made under s. 45 of our Act for the removal of the registration of an entry made conclusive by s. 37. Here the respondents must prove that by reason of **similarity** there is a practical likelihood of confusion to the public and "this he can only do for the purposes of the section (i.e. our s. 14) by proving the existing use by another ... which is likely to cause deception or confusion" (as per Upjohn LJ, *supra*).

Since s. 71 of our Act deems the application in Malaysia of a trade mark on goods to be exported to constitute use in Malaysia we could ask ourselves whether it was open to the registered proprietor of HUMMEL (M) to bring an infringement action against the respondents if he had known that the respondents were using Malaysian garment manufacturers to produce goods for export with HUMMEL (D) mark. The question was not canvassed before us but had such an action been brought the respondents could well have

contended that there was no possibility of confusion or deception since their goods were not sold or intended for sale in Malaysia!

What then is left is the proper interpretation to be placed on the activities of Elson Moey when he sponsored the NST-Milo Football Competition in November 1993 and the remarks attributed to him and construed by the respondents to mean that his products were the respondents' products.

The third and fourth *ratios* of *G.E. Trade Mark* [1973] RPC 297 at p. 298 are relevant. They read:

> (iii) If the likelihood of causing confusion did not exist at the time when the mark was first registered, but was the result of events occurring between that date and the date of application to expunge it, the mark may not be expunged from the register as an entry wrongly remaining on the register, unless the likelihood of causing deception resulted from some blameworthy act of the registered proprietor of the mark or of a predecessor in title of his as registered proprietor.
>
> (iv) Where a mark is liable to be expunged under (ii) or (iii) the Court has a discretion whether or not to expunge it and as to any conditions or limitations to be imposed in the event of its being permitted to remain on the register.
>
> (2) That the Court was right in holding the use of the rondel mark would in 1967 have resulted in likelihood of confusion among a substantial number of members of the public, but that this likelihood was not caused by any blameworthy conduct on the part of G.E. Moreover the licensing objections had also not been established. Rectification would accordingly be refused and the appeal allowed.

As at the date of the application (i.e. 5 November 1993) there was no hard evidence that anybody was going around the Malaysian market proclaiming that the appellant's goods were made in Denmark. Nor is there any **evidence** from members of the public that by reason of conduct of Elson Moey they thought so. If the respondents had such evidence it was suggested that their remedy was to file an action for passing off against the particular vendor who was making such false claims.

In *New Wales Dairy Corporation v. Murray Goulburn Co-operative Co. Ltd.* [1991] AIPC 37031, one of the questions raised by the appellant was:

> (ii) whether the operation of s. 28(a) is governed by s. 28(d) and, if so, whether a mark which has become likely to deceive or cause confusion is liable to be expunged only if its **registered proprietor** is guilty of blameworthy conduct. (Emphasis mine).

The Australian s. 28 is similar to our s. 14 (see p. 37034) and the Courts answered at p. 37033:

2(a) Per Mason CJ, Brennan, Dawson, Toohey and Gaudron JJ: A trade mark is only liable to be expunged under s. 28(a) if the use of it becomes likely to deceive or cause confusion **and** that likelihood is due to the fault or blameworthy conduct of the **registered proprietor.** (Emphasis mine).

There is no evidence of any blameworthy conduct on the part of the appellant. Indeed there is no evidence whatsoever that Elson Moey made any statement of the effect that his goods were the respondents. Even more so is the total absence of any evidence to prove that the appellant caused, permitted or in any way inspired the newspaper reporter's comments.

For all the reasons aforesaid we allow this appeal. The order of the High Court is set aside except as to the order of costs. Accordingly the respondents must pay the appellant's taxed costs both here and in the Court below.

By way of a postscript we feel it necessary to add that this judgment is not intended to encourage anybody in this country to pass off his goods as the goods of a foreign country by appropriating the mark of the latter. The remarks of Williams J in *The Seven Up Co. v. O.T. Ltd.* which we cited earlier is still good law in Malaysia today. In stark contrast to the situation in 1947, we live today in a world of instant audio-visual communication. Provided he puts a reasonable quantity of his product on sale in Malaysia it has become very easy for a trader to get his mark identified with and distinctive of his goods. It is common knowledge that telecasts of international sporting events attract the attention of a very sizeable segment of the Malaysian population. The "very small amount of use of the foreign mark in Australia" to which Williams J was referring keeps coming to us in Malaysia today in relentless bursts of promotional material in the midst of our favourite TV programmes.

In the race for market share it would be a pity for a Malaysian manufacturer to ignore the truth that by imitating the established mark of a foreign trader he effectively devalues both his own goods and his own integrity. The more is the pity when we consider that it is very probable that over 70% of apparel and shoes are made in Asia for export to Europe and North America not just for sale there but also for re-export, often into the very country the article was manufactured, for sale at a fancy price with a fancy label. The Malaysian consumer who pays more for such branded imported articles when there is a local equivalent which is as good should ponder whether his pursuit of vanity is foolish in the face of the competing objectives of "Inflasi Sifar" and the reduction of our current account deficit.

Courts everywhere have an abiding distaste of pretenders who claim to have a reputation they do not possess. Potential infringers will be well-advised to take careful note that a very learned trial Judge in this case found for the

respondents. We reversed him only because the material was wholly inadequate. Others may not be so lucky.

Reported by Tey Tsun Hang